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POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Inquiry Concerning Service Performance Measurement Data — Docket No. PI2016-1

COMMENTS OF THE PUBLIC REPRESENTATIVE

(December 14, 2015)

Pursuant to the Commission's October 29, 2015 notice in this proceeding, the Public Representative hereby comments on the "potential issues related to the quality and completeness of service performance data measured by the Postal Service."[1]

I. INTRODUCTION

The public inquiry instituted in this docket is an outgrowth of a recent report by the United States Government Accountability Office (GAO).[2] *See* Notice at 1-2. That report assessed "the [Postal Service's] measurement of mail delivery performance and [the Commission's] oversight of this measurement", as well as "[the Postal Service's and Commission's] reporting of this information. GAO Report at 2.

Both the Postal Service and Commission provided written responses to the GAO Report. *Id.*, Appendix II, Comments from the U.S. Postal Service; Appendix III, Comments from the Postal Regulatory Commission. In its reply to those comments, GAO identified several areas that it recommended the Commission explore in the public inquiry proceeding that the Commission has now instituted. *Id.* at 31-37.

[1] Notice Establishing Docket Concerning Service Performance Measurement Data, October 29, 2015, at 1 (Notice).

[2] *Actions Needed to Make Delivery Performance Information More Complete, Useful, and Transparent.* U.S. Gov. Accountability Office, GAO-15-756, U.S. Postal Service: Actions Needed to Make Delivery Performance Information More complete, Useful, and Transparent (2015) (GAO Report).

Section II.A., below, presents a brief discussion of the background to the current inquiry. Section II.B discusses each of the three areas of inquiry identified in the Commission's Notice.

II. COMMENTS

A. Background

1. Statutory and Regulatory Framework for Service Performance Measurement and Reporting

The statutory basis for service performance measurement and reporting is contained in three sections of title 39 of the United States Code: sections 3691, 3652(e), and 3653. 39 U.S.C. § 3691, § 3652, and § 3653.

Section 3691(a) requires the Postal Service, in consultation with the Commission, to establish service standards for market dominant products. Sections 3691(b) and (c) set forth objectives for the standards and factors that the Postal Service must take into account in establishing standards. Section 3691(b)(1)(D) requires that the basis for measuring service performance be an objective external measurements unless the Commission approves an internal measurement system pursuant to section 3691(b)(2).

Section 3652(a)(2(b)(i) requires the Postal Service to include in its Annual Compliance Report (ACR) measures of the quality of market dominant produce service, "including…the level of service (described in terms of speed of delivery and reliability)…." In that connection, section 3652(e)(1) gives the Commission the authority to prescribe the content and form of the Postal Service's reports, which includes the Postal Service's ACR.

Finally, the Commission is required by section 3653(b)(2) to determine in its Annual Compliance Determination (ACD) whether the Postal Service did not meet any of its service standards.

2. Regulations Implementing Service Performance Measurement and Reporting

Acting pursuant to their respective statutory authorizations, the Postal Service and the Commission have adopted regulations governing service performance measurement and reporting:

a. Postal Service Performance Standards

During December, 2007, the Postal Service, after consultation with the Commission, issued regulations establishing service standards for market dominant products.[3] This was the first step in adopting a system of service performance measurement and reporting.[4]

b. Service Performance Measurement Systems

On December 4, 2007, the Commission posted on its website the Postal Service's initial plan for service performance measurement and established a proceeding to provide interested persons the opportunity to comment.[5] An additional opportunity to comment was provided following the Postal Service's filing of a revised service performance measurement plan.[6] That plan presented various internal, external, and hybrid (combined internal and external) measurement systems to measure service performance.

[3] Modern Service Standards for Market-Dominant Products, 72 Fed. Reg. 72216 (December 19, 2007) (codified at 39 C.F.R. parts 121 and 122).

[4] The Postal Service's initial service standards have been supplemented and revised on several occasions. *See* Service Standards for Market-Dominant Special Services Products (October 3, 2011); Revised Service Standards for Market-Dominant Mail Products, 77 Fed. Reg. 31190 (May 25, 2012) (codified at 39 C.F.R. part 121); Postponement of Implementation Date, Revised Service Standards for Market-Dominant Mail Products, 79 Fed. Reg. 4080 (January 24, 2014); Service Standards for Destination Sectional Center Facility Rate Standard Mail, 79 Fed. Reg. 12390 (March 5, 2014); Designation of Implementation Date, Revised Service Standards for Market-Dominant Mail Products, 79 Fed. Reg. 44701 (August 1, 2014).

[5] Docket No. PI2008-1, Notice of Request for Comments on Service Performance Measurement Systems for Market Dominant Products, December 4, 2007, at 8-35 (Order No. 48).

[6] Docket No. PI2008-1, Second Notice of Request for Comments on Service Performance Measurement Systems for Market Dominant Products, June 18, 2008 (Order No. 83).

On November 25, 2008, the Commission approved the Postal Service's proposed approaches for internal measurement of service performance for various market dominant products.[7] Included among those approaches was a hybrid system that relied upon Intelligent Mail Barcode (IMb) scans in combination with information provided by third-party reporters.[8] The measurement systems approved by Order No. 140 form the basis for the current measurement of service performance and, as enhanced and supplemented over time, are the systems that are the subject of the current inquiry.

c. Postal Service Performance Goals

During February, 2009, the Postal Service posted FY 2009 performance goal targets on its Rapid Information Bulletin Board System (RIBBS) [9]

d. Reporting Requirements

The Postal Service's plan for meeting service standards included proposals for both annual and quarterly reporting of service performance measurements. An Annual Report required information at a relatively high level of aggregation and four Quarterly Reports required information at a more detailed level. Order No. 465 at 13.

On May 25, 2010, the Commission established final rules for periodic reporting of service performance for most market dominant products. Order No. 465 at 61.[10] The

[7] Docket No. PI2008-1, Order Concerning Proposals for Internal Service Standards Measurements Systems, November 25, 2008 (Order No. 140). Section 3691(b)(2) requires Commission approval of internal measurement systems.

[8] In that same order, the Commission discussed the Postal Service's proposals for reporting data generated by its performance measurement systems as a first step in framing issues to be considered in a then-anticipated rulemaking on data reporting. Order No. 140 at 36-48.

[9] Docket No. RM2009-11, Order Establishing Final Rules Concerning Periodic Reporting of Service Performance Measurements and Customer Satisfaction, May 25, 2010, at 7 (Order No. 465); Docket No. ACR2008, Annual Compliance Determination, March 30, 2009, at 44 (FY2008 ACD).

[10] The rules governing service performance reporting are set forth in 39 C.F.R. part 3055, subparts A and B. On November 4, 2011, the Commission subsequently approved reporting requirements for Stamp Fulfillment Services. Docket No. RM2011-14, Order Establishing Final Rule Concerning Periodic Reporting of Service Performance Measurements for Stamp Fulfillment Services, November 4, 2011 (Order No. 947).

Commission subsequently approved various temporary waivers and semi-permanent exceptions from periodic reporting of service performance measurement.[11]

In Order No. 465, the Commission expressly acknowledged its ongoing role in monitoring service performance. *Id.* at 25. Primary oversight was to be provided through the Annual Compliance Report/Annual Compliance Determination process (ACR/ACD process) during which the Commission would review, among other things, "all aspects of data quality, potential auditing of systems, adequacy of the data being provided, sufficiency of the measurement systems, monitoring of adoption rates, and proposals for improvement." *Id.* The Commission also indicated that individual dockets might be instituted to consider such things as new approaches to evaluating service performance. *Id.* at 25-26. In addition, the quarterly reporting requirements were viewed as an additional means of following the Postal Service's progress in improving performance. *Id.* at 26. The current inquiry is part of the Commission's ongoing role in monitoring service performance.

3. Annual Compliance Reports

At the time it filed its first ACR (the FY 2007 ACR) the only systems used by the Postal Service to collect service level information were those that had been use prior to the enactment of the Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006) (PAEA).[12] Enhancements to service performance measurement systems were still in the process of being developed. *Id.* The available systems produced only limited information.[13]

During FY 2009, the Postal Service continued implementing enhancements to its service measurement systems.[14] FY 2009 ACR at 9, 12-13. The Postal Service also

[11] *See, e.g.,* Docket Nos. RM2011-1, *et al.*, Order Concerning Temporary Waivers and Semi-Permanent Exceptions from Periodic Reporting of Service Performance Measurement, June 16, 2011 (Order No. 745).

[12] Docket No. ACR2007, United States Postal Service FY2007 Annual Compliance Report, December 28, 2007, at 14 (FY 2007 ACR).

[13] *See* Docket No. ACR2007, Annual Compliance Determination, March 17, 2008, at 53 (FY 2007 ACD); *see also* FY 2008 ACD at 41.

[14] Docket No. ACR2009, United States Postal Service FY 2009 Annual Compliance Report, December 29, 2009 (FY 2009 ACR).

created reports for its field managers to assist in improving service performance. *Id.* at 13-14.

Starting with its FY 2010 Annual Compliance Report, the Postal Service has been filing a standard library reference that addresses service performance. This library reference includes steps taken during the fiscal year under review to improve service performance measurement, as well as further steps that the Postal Service plans to take during the following fiscal year.[15]

4. Annual Compliance Determinations

As promised in Order No. 465, the Commission has used the ACR/ACD process to review service performance measurement, including the sufficiency of measurement systems used by the Postal Service. Order No. 465 at 25. In its ACDs, the Commission has reviewed issues related to the accuracy of service performance measurement;[16] reliability of service performance measurement;[17] representativeness of service performance data[18]; and the issue of sampling error.[19] The information presented in this proceeding will further inform the Commission and may be useful to the Commission in the upcoming FY 2015 ACD proceeding.

5. USPS OIG Report

The Postal Service's Inspector General has previously investigated the reliability of data used to measure service performance for commercial mail.[20]

[15] Docket No. ACR2010, Library Reference USPS-FY10-29, December 29, 2010; *see also* Docket No. ACR2014, Library Reference USPS-FY14-29, December 29, 2014.

[16] *E.g.,* Docket No. ACR2010, Annual Compliance Determination, March 29, 2011, at 65-66 (FY 2010 ACD) (Postal Service efforts to avoid or correct data errors).

[17] *E.g.,* Docket No. ACR2012, Annual Compliance Determination (revised), May 5, 2013, at 63 (FY 2012 ACD) (recommended Postal Service reporting on tail-of-the-mail to increase emphasis on service reliability).

[18] *E.g.,* FY 2009 ACR at 54 (need to facilitate adoption of IMb to obtain representative service performance data).

[19] *E.g.* FY 2010 ACD at 65 (efforts to avoid or correct data errors).

[20] Office of Inspector General, United States Postal Service, CRR-AR-12-005, Service Performance Measurement Data—Commercial Mail Audit Report, June 25, 2012 (OIG Audit Report).

6. GAO Report

It was against the foregoing background that GAO issued its report. Relevant to the issues specified by the Commission for consideration in this proceeding are GAO's concerns regarding the need for Commission assessment of the accuracy, reliability, and representativeness of data collected by the Postal Service, GAO Report at 31-36; non-sampling error and its potential effect on the representativeness of data, GAO Report at 34-35; and the level of mailer use of Full Service IMb and the exclusion of mailpieces from measurement, GAO Report at 33, 36.

7. Docket No. PI2016-1

In its Notice, the Commission identified three principle subjects on which it seeks information regarding the quality and completeness of service performance data provided by the Postal Service: (1) potential deficiencies in the accuracy, reliability, and representativeness of service performance measurement data; (2) an assessment of whether non-sampling error materially affects service performance measurement; and (3) issues related to the incomplete service performance measurement of bulk mail. Notice at 2-3.

B. Issues on Which the Commission has Requested Comments

1. Potential Deficiencies with Respect to the Accuracy, Reliability, and Representativeness of Current Service Performance Measurement Data

In Order No.140, the Commission discussed a series of issues regarding the Postal Service's proposed systems for measuring service performance, including the exclusions of mail from measurement, Order No. 140 at 11-13; the importance of mailers' adoption of IMb for the proposed hybrid measurement system, *id.* at 13-15; and the importance of Postal Service policies regarding selection of "start-the-clock" times and "critical entry times" for service performance measurement, *id.* at 15-17. These

issues remain relevant in assessing the accuracy, reliability, and representativeness of current service performance measurement.

Response:

Although accuracy, reliability, and representativeness are often used to evaluate the quality of data, they characterize different aspects of such evaluation. These terms and their application to service performance measurement data are discussed below from a statistical point of view.

Accuracy. Accuracy "denotes the closeness of computations or estimates to the (unknown) exact or true values."[21] Statistical estimates differ from true values because of variability (due to random effects) and bias (due to systematic effects). *Id.* Both variability and bias might be caused by sampling and non-sampling errors (which are discussed in more details in Response to Questions 2 and 3, below).

In order to evaluate how accurate the data is, some organizations have developed special indicators. For example, Eurostat, among key accuracy-related indicators, includes coefficient of variation, geographical under-coverage ratio and average size of revisions (to insure priority of timeless towards accuracy). *Id.* at 17-18. Although accuracy is often considered among the most common metrics of data quality, 100 percent accuracy might not be achievable, and there is always a trade-off between accuracy and other factors, especially timeless. The Postal Service often applies the third parties checks to insure that the service performance data is accurate. The Public Representative acknowledges the importance of such tests, especially now, facing the proposed transition to the internal service performance measurement system.[22]

It is also important to note that accuracy of data has different components that relate to data recording, monitoring and representativeness. The Public Representative

[21] Manfred Ehling and Thomas Körner, Handbook on Data Quality Assessment Methods and Tools, Eurostat Commission at 9. *See* http://unstats.un.org/unsd/dnss/docs-nqaf/Eurostat-HANDBOOK%20ON%20DATA%20QUALITY%20ASSESSMENT%20METHODS%20AND%20TOOLS%20%20I.pdf

[22] *See* Docket No. PI2015-1, *United States Postal Service, Service Performance Measurement Plan (revised March 24, 2015)*, March 24, 2015 (Service Performance Measurement Plan).

recommends that the Postal Service provide up-to-date descriptions of the methodologies it uses to ensure accuracy of service-performance data, including its own accuracy-related indicators, if any.

Reliability. Reliability is another very important element of testing data quality, and it is usually defined as reproducibility and stability (consistency) of the obtained measurement estimates and/or scores.[23] Currently, the Postal Service files quarterly service performance reports with the Commission by mail category, by geographic area, and by the applicable delivery standards. 39 C.F.R part 3055. In the service performance reports, the Postal Service must provide a description of "the statistical validity and reliability of the results for each measured product". 39 C.F.R § 3055.2(f).

While the supporting documentation provided by the Postal Service includes score reports and variance reports, the lack of comprehensive descriptions presents an obstacle to understanding the actual quality of the reported measurement data. For example, most quarterly reports on service performance include special files with information on service variance. *Id.* The service performance reports for Standard Mail products include margins of error for the estimated scores. While these margins of error vary by district and delivery standards, the Postal Service does not provide any explanations of the differences in the margins of error, and/or the reliability of the reported scores. The Public Representative suggests the Postal Service provide more transparent information in regards to the reported service performance measurement data.

A reliable service performance measurement system should allow for periodic monitoring and comparison of the measurement results. In other words, even if there are any changes in the measurement system and/or service standards, there still should be a way to compare the relevant [new and old] measurement scores. However, the Postal Service's quarterly reports do not necessarily permit such a comparison. For example, due to the elimination on January 5, 2015, of the overnight service standard

[23] *See* Kachigan, Sam Kash. Multivariate Statistical Analysis: a Conceptual Introduction: Radius Press, New York, 1991 at 139; Field, Andy, Reliability Analysis, 02/15/2006, available at http://www.statisticshell.com/docs/reliability.pdf

for Single-Piece First-Class Mail, the overnight and two-day performance scores reported starting in the second quarter of FY 2015 cannot be directly compared to previous quarters.[24] Lack of a methodology for an indirect comparison of the scores reported for different quarters leads to an inability to monitor performance scores and therefore raises questions regarding their reliability.

In the recently filed documentation related to the proposed Service Performance Measurement Plan, the Postal Service confirms its intension to perform statistical tests to compare the service scores obtained under the current and proposed systems at the national, area and district levels for each product. [25] The Postal Service also indicates that it will perform the analysis that will focus on the identification of the factors that cause such differences. *Id.* The Public Representative acknowledges the importance of the proposed tests and suggests that the Postal Service report on the ongoing efforts in regards to maintaining and improving reliability of service performance data.

Representativeness of the data indicates how well the sampled data reflects the overall population. Since the Postal Service estimates service performance measurement scores using sampled data, the question of its representativeness is very critical. In its report, GAO expresses a significant concern that the service performance measurement is incomplete, and the performance data may not be representative because only 55 percent of market-dominant mail volume is subject to measurement. GAO Report at 11. The concern itself [regarding the potential non-representativeness of the data] does have merit, but the provided reason [regarding 55 percent of measured mail volume] does not seem to be adequate. The Public Representative agrees with the Commission that "[t]he GAO focus on data 'completeness' is not statistically meaningful". *Id.,* Appendix III at 52. While completeness (as well as accuracy) is an important metrics of data quality, it is too expensive and not always

[24] *See, e.g.,* Quarterly Service Performance Reports for Quarter 3 FQuarterly Service Performance Reports for Quarter 3 F 2015, August 10, 2015.

[25] *See* Docket No. PI2015-1, Responses of the United States Postal Service to Questions 1-14 of Chairman's Information Request No. 4, December 3, 2015 (Docket No. PI2015-1, Responses to CHIR No. 4), Question 12.

achievable to have data 100 percent both complete and accurate.[26] Completeness should be rather viewed here as "the extent in which data is not missing and is of sufficient breadth and depth for the task in hand."[27] There are certain aspects of the service performance measurement process that are more important than the percentage of the overall measured volume.

As it was noted above, the Postal Service's level of reporting under 39 C.F.R. part 3055 is defined by mail category (*e.g.* class, subclass, product), by geographic area or district, and by service delivery standards (*e.g*. 1, 2, 3-5 days). It is important to insure that for each level of reporting, the mail excluded from the measured volume sample has the same service performance measurement scores as mail included in the measured sample. Otherwise, measurement data will not be representative.

In this connection, the Public Representative notes that in Order No. 140, the Commission recognized the importance of the issue of representativeness when it stated that "[a] plan for implementing a system for ascertaining the representativeness of annual compliance report (ACR) service performance measurements based on IMb should be provided with the 2009 ACR." Order No. 140 at 13. To the Public Representative's knowledge, such a plan was not included in the Postal Service's FY 2009 ACR, nor has such a plan been subsequently provided. If the Public Representative is incorrect and such a plan has been presented, then it would be useful for the Postal Service to indicate where the plan can be found.

In any event, the Postal Service has, in its quarterly performance reports, consistently indicated problems in providing reliable and representative service performance results for Flats (including Standard Mail Flats and First-Class Flats). Even the transition to the proposed Service Performance Measurement Plan would not necessarily eliminate the problem. The Postal Service warns that under the decreasing

[26] For more information *see* Jonathan G. Geiger, Data Quality Management. The Most Critical Initiative You Can Implement: Data Warehousing, Management and Quality, Paper 098-29 at 6, available at http://www2.sas.com/proceedings/sugi29/098-29.pdf

[27] Leo L. Pipino, Yang W. Lee, and Richard Y. Wang, Data Quality Assessment, *Communications of the ACM*, April 2002/Vol.45, No. 4ve at 212.

volume of flats, the required sampling targets for flats might not be achieved. In order to ensure the representativeness of the service performance data for flats, the Postal Service is planning to use information about the relationship between total density and the presence of flats in randomly sampled collection points to refine the flats density estimation process.[28]

The representativeness issue is mitigated to some extent by the fact that the Postal Service currently uses several types of service performance measurement systems, and each relies on their own approaches to selecting the tested mailpieces. Consequently, these different measurement systems apply different methods to ensure that the service performance measurement data is representative.

Since the beginning of 1990s the Postal Service has been using the External First-Class (EXFC) measurement system to measure service performance for the First-Class Single-Piece Mail.[29] The EXFC system is an external performance measurement system which monitors the performance of tested mailpieces from their induction into the mailstream until delivery.[30] To measure service performance of commercial mail,[31] the Postal Service pursues a hybrid approach (using both internal and external data) and relies upon several different systems – the Intelligent Mail Accuracy and Performance System (IMAPS) and a combination of the Seamless Acceptance and

[28] Docket No. PI2015-1, Reponses to CHIR No. 4, Question 12.

[29] For more information *see* Statement of Work. Transit-Time Measurement System (TTMS). External First-Class (EXFC), 102592-02-B-0343, December 26, 2008 (Statement of Work), available at http://www.prc.gov/docs/79/79713/EXFC.SOW.pdf; Docket No. PI2008-1, Second Notice of Request for Comments on Service Performance Measurement Systems for Market Dominant Product, June 18, 20078 at 14 (Docket No. PI2008-1, Second Notice).

[30] An independent third-party creates the panels of droppers and reporters. *See* Statement of Work at 9-12; Service Performance Measurement Plan at 13-14, 23-24.

[31] Commercial Mail discussed here includes Presort First-Class Mail letters/cards and flats, Periodicals, Bound Printed Matter Flats, and all Standard Mail products (except Parcels). *See* Docket No. PI2015-1, Responses to CHIR No. 4), Question 1. *See also* OIG Audit Report, *supra.*

Service Performance (SASP) system and the Business Intelligence Data Store (BIDS) system (for mail with full-service IMb only).[32]

Currently, the Postal Service proposes a new internal service performance measurement system which is intended to completely eliminate EXFC, and partially replace SASP and BIDS.[33] All currently existing, as well as the proposed service performance measurement systems, apply a sampling methodology, at least to some extent. On different steps of service performance measurement (*e.g.* when determining sample size of measured volume or density of collection points), the Postal Service applies statistical methods that should insure the accuracy and representativeness of the measurement data. An adequate statistical methodology should decrease so called sampling error. However, certain mail volumes are still excluded from measurement for multiple reasons that cannot be eliminated by improving the sampling methodology itself. This leads to a potential non-sampling error, a hidden, but dangerous enemy of the representativeness, which will be discussed in more details in Response to Question 2.

2. The Assessment of whether Non-Sampling Error Materially Affects Service Performance Measurement

In its report, GAO placed considerable emphasis upon the risk that "non-sampling error" would distort service performance measurement. GAO Report at 31-35. In its Notice, the Commission has invited comment on the following issues which relate to non-sampling error:

a. Accounting for product and service standard, discuss any systematic differences between mail in measurement and mail not in measurement that are likely to impact service performance.

[32] *See*, Service Performance Management Plan at 25-27; Docket No. PI2015-1, Responses to CHIR No. 4, Question 1; *see also* Office of the Inspector General, United States Postal Service, DP-AR-13-010, Intelligent Mail Barcode Development and Use of Data-Audit Report, September 6, 2013.

[33] Service Performance Measurement Plan.

b. Discuss whether and how non-sampling error might have a material impact on service performance results and actions the Postal Service could take to minimize non-sampling error.

Response:

a.-b. In any measurement that involves statistical analysis, it is very important to control and minimize both sampling and non-sampling errors. Sampling errors result from the probability sampling approach itself (chosen instead of complete analysis of the overall population/universe). Non-sampling errors, however, do not result from the chosen sampling methodology, but primarily from the method of data collection and processing.[34] It is difficult to control non-sampling errors, although they might still negatively impact representativeness of the measured data.

Below are some major reasons why certain groups of mail are currently excluded and/or will continue to be excluded from service performance measurement during data collection and processing.

Geographical under-coverage. There are certain 3-digit ZIP codes where First-Class Single-Piece mailpeices are excluded from measurement [by the EXFC system] due to the low number of collection and delivery points located in these ZIP codes.[35] The proposed service performance measurement system also excludes certain 3-digit ZIP Codes from the Carrier Sampling process (on so-called "First Mile"), due to the limited number of the eligible collection points located in these ZIP Codes. However, as the Postal Service indicates, the measurement system proposed under the Service Performance Measurement Plan will cover more 3-digit ZIP Codes than the EXFC covers now.[36]

[34] *See e.g.* Jeremiah P. Bandaa, Nonsampling Errors in Surveys, United Nations Secretariat Statistics Division, 03 November 2003, available at *http://unstats.un.org/unsd/demographic/meetings/egm/Sampling_1203/docs/no_7.pdf*

[35] Docket No. PI2015-1, Responses to CHIR No. 4, Question, Question 7.

[36] *Id*.

In regard to the Postal Service's quarterly reports, if performance scores are reported for the particular district, these scores must be also applicable to the 3-digit ZIP Codes that, being part of this district, are excluded from measurement. Lack of the information about service performance in these excluded 3-ZIP Codes prevents us from reaching any conclusions here. Taking into account that there has been a small (and even decreasing number) of the 3-digit ZIP Codes excluded from service performance measurement, we should not expect any material impact of the related geographic under-coverage on service performance scores. The Public Representative nevertheless suggests that the Postal Service, first, provide a list of districts impacted by geographic under-coverage and, second, describes the measures it undertakes to insure the representativeness of the reported scores.

Lack of scanable barcodes. IMAPS and other systems that are currently used to evaluate service performance of commercial mail require scanable barcodes. Lack of such barcodes might result in exclusion of these mailpieces from measurement. Until FY 2015, the Postal Service regularly indicated that the reported service performance results for commercial mail were possibly not representative due to the limited number of mailers participating in full-service IMb.[37] The proposed measurement system to be used for First-Class Single-Piece Mail, also requires scanable barcodes on the First Mile.[38] The Postal Service, however, maintains that the volume of mail without scans has diminished significantly, and so that the related type of non-sampling error.[39]

Exclusion of Mail Left at the Customer Mail Receptacles. Both the current EXFC, and the proposed measurement system, exclude mail that carriers collect at the customer mail receptacles (or approximately 38 percent of the Single-Piece First-Class

[37] *See, e.g.,* United States Postal Service Quarterly Service Performance Reports, Quarter 3, Fiscal Year 2014, August 11, 2014.

[38] Docket No. PI2015-1, Responses of the United States Postal Service to Questions 5 through 7 of Chairman's Information Request No. 3, May 11, 2015 (Docket No. PI2015-1, Responses to CHIR No. No. 3), Question 5.

[39] *Id.*, Question 11.

Mail).[40] The Postal Service maintains that outgoing Single-Piece First-Class Mail "follows the same general mail process flow" irrespective of its induction.[41] Such a conclusion, however, would require a special study, especially considering that mail carriers pick-up from customer mail receptacles constitute more than one third of all First-Class Single-Piece Mail. If the excluded mail does have its own characteristics with respect to the delivery process, it opens the field for non-sampling error. The Postal Service, however, confirms that it has not initiated any testing to evaluate the impact of non-sampling errors.[42]

While under the current service performance measurement system, the Postal Service excludes data on Single-Piece First-Class Mail collected at the retail counters, under the proposed system, the portion of such mail (specifically, mail with ancillary service) will be included in service performance measurement.[43] The Public Representative agrees that inclusion of the portion of mail collected at the retail counters leads to the expansion of the proportion of the Single-Piece First-Class Mail universe represented in measurement. However, since the "First Mile performance data for the retail channel will be represented by non-sampled single-piece mail inducted over the counter at retail locations with Special Services," [44] it is not evident that such representation will be adequate. Moreover, the Postal Service admits that although this approach leads to a "potential non-sampling error", it has not developed any "plan to sample non-accountable pieces mailed at retail units to compare with the Retail Profile

[40] Docket No. PI2015-1, Responses to CHIR No. No. 3, Question 7 and Docket No. PI2015-1, Responses of the United States Postal Service to questions 1-4 of Chairman's Information Request No. 2, April 2, 2015 (Docket No. PI2015-1, Responses to CHIR No. No. 2), Question 1.

[41] Docket No. PI2015-1, Responses to CHIR No. 2, Question 1.

[42] Docket No. PI2015-1, Responses to CHIR No. 4, Question 11.

[43] Docket No. PI2015-1, Reply Comments of the United States Postal Service, May 18, 2015 at 11-13; Notice of the United States Postal Service Concerning the Filing of the Statistical Design Plan for Internal Service Performance Measurement, August 25, 2015 at 5, 16 (Statistical Design Plan).

[44] Statistical Design Plan at 5.

data." [45] Taking into account the high percentage of data that will be still excluded from measurement on the First Mile, the Public Representative recommends special studies to ensure representativeness of the reported scores.

Other Issues. Discussing the reasons why 45 percent of mail volumes are excluded from measurement, GAO specifically points out inaccuracies in mail preparation making it responsible for 13 percent of the excluded mail.[46] Without a specific information or referenced source, it is hard to make any judgment regarding the provided estimate. The Public Representative, however, would appreciate the Postal Service's comments on this subject matter.

3. Issues Regarding the Incomplete Measurement of Bulk Mail

The final area of inquiry discussed in the GAO Report and identified in the Commission's Notice relates to the incomplete measurement of bulk mail and possible ways of increasing the amount of such mail that is measured:

a. Discuss specific actions the Postal Service should take to increase participation in the full-service IMb program.
b. Discuss specific actions the Postal Service needs to take to decrease the amount of mail excluded from measurement.

Response:

The Postal Service indicates that it has been performing "several ongoing initiatives that focus on "increasing visibility and therefore continuously increasing the proportion of mail with scanable barcodes."[47] As stated in GAO Report, the number of mailers participating in full-service IMb program has been significantly increasing. For example, from Q1 FY2014 to Q2 FY2015, the number of participating mailers increased by 75 percent (from 42,833 to 74,469 mailers). As GAO explains, the Postal Service's

[45] Docket No. PI2015-1, Responses to CHIR No. 4, Question 11.

[46] GAO Report at 16.

[47] Docket PI2015-1, Responses to CHIR No. 4, Question 11.

efforts in promoting the benefits of full-service IMb program include educational materials provided to mailers, webinars, training sessions, and technical support.[48]

In the responses to Questions 2 and 3, above, the Public Representative has already discussed several issues related to the measurement of commercial bulk mail. At this stage of the Commission's inquiry, the Public Representative views the Postal Service and affected mailers as being in the best position to identify ways of increasing participation in full-service IMb and to further decrease the amount of mail excluded from measurement. In order to assess the feasibility and likelihood of increasing the levels of bulk mail measurement, the Commission should consider any additional costs that may be incurred by the Postal Service and by mailers in order to measure more bulk mail. The Postal Service and other commenters are the only participants in this inquiry who can provide such information to the Commission. The Public Representative also suggests that the Postal Service periodically provide the Commission with information regarding its efforts to increase the measurement of bulk mail.

III. CONCLUSION

The Public Representative respectfully submits these comments for the Commission's consideration.

Respectfully submitted,

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[48] GAO Report at 15.